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BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

DEPT. OF TRANSPORTATION
DOCKETS

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Answer of

PORT OF SEATTLE

in support of Application of Northwest Airlines,
Inc., for exemptions from 14 C.F.R. Part 93, under
49 U.S.C. § 41718(a)

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) Docket No. OST-2000-7181- 38
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ANSWER OF THE PORT OF SEATTLE
IN SUPPORT OF
THE APPLICATION OF NORTHWEST AIRLINES, INC.

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On Behalf of:
Port of Seattle

May 22, 2000

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DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.**

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**ANSWER OF THE PORT OF SEATTLE
IN SUPPORT OF
THE APPLICATION OF NORTHWEST AIRLINES, INC.**

Pursuant to 49 U.S.C. § 41718(d)(2), the Port of Seattle, as the owner-operator of Seattle-Tacoma International Airport (“SEA”), submits this Answer to the Application of Northwest Airlines, Inc. (“NWA”), for exemptions from subparts K and S of 14 C.F.R. Part 93 pursuant to 49 U.S.C. § 41718(a), as enacted by the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (the “AIR 21 Act”). The Port of Seattle supports NWA's Application for two of the twelve beyond-perimeter slot exemptions authorized for service at Ronald Reagan Washington National Airport (“DCA” or “Reagan National Airport”) under 49 U.S.C. § 41718(a) to provide daily, non-stop roundtrip DCA-SEA service.

There can be no argument that Seattle should get service to DCA. If there were no perimeter rule and no slot restrictions, Seattle would surely be a market which would

generate service to DCA. Seattle is the fifth largest market without DCA non-stop service. It is an important business center, one of the most important high-tech centers in the world, home to numerous publicly traded high-tech companies, and an important center of world trade. Seattle generates over 500,000 annual O&D passengers to/from the three Washington area airports.

In an unregulated market it is likely that almost all of the other cities to which service is proposed would also have non-stop DCA service – either because of their importance as hubs or for O&D traffic. However, despite the broad interest in operating such service, only six new daily flights are proposed for non-stop service from DCA to beyond-perimeter cities. Maximizing the domestic traffic benefits from the six daily flights available for non-stop beyond-perimeter service from DCA requires that the Department weigh two factors-what is the best use of Reagan National Airport, and how is this balanced by competitive considerations? The answers are first, that Reagan National Airport is principally an inbound destination airport for persons doing business with the Federal Government in the District. This eliminates National Airlines' proposal to serve Las Vegas, a tourist destination which is served just as well from BWI and IAD as from DCA. Second, competition is maximized by authorizing several air carriers to offer non-stop, beyond-perimeter, hub-service to PHX, DEN, SLC and SEA – which is the only O&D point which would get competitive non-stop service to Washington. Both SEA and SLC need only a single daily non-stop for viable service, leaving four slots for other hub points.

By granting only two slots to NWA, the Department would be introducing not only first non-stop DCA-SEA service, but also very significant new non-stop competitive

service between Washington, D.C. (IAD, DCA, BWI) and SEA, which is currently monopolized by United Air Lines. This would also result in new domestic network benefits for 38 U.S. cities, 16 of which would benefit from first one-stop DCA service. The competitive benefits more than justify the Department's grant of two slot exemptions to NWA for this new service, and far outweigh those of other beyond-perimeter cities such as Los Angeles and San Francisco, whose passengers already enjoy competitive non-stop transcontinental service to two Washington airports.

I. Seattle is the destination which best fits the Congressional Criteria.

Seattle Tacoma International Airport is the fastest growing airport on the West Coast. See Exhibit A, at 5. From 1985 to 1999, domestic passenger traffic grew by more than 7%, with combined domestic and international passenger growth of 6.84%. See Exhibit A, at 6. The growth of SEA is a reflection of the rapid growth of the Seattle metropolitan area, the greater Seattle-Tacoma metropolitan area, and the regional economy. Today, the Seattle-Tacoma metropolitan area is the third largest metropolitan area on the Pacific Coast of North America and the 12th largest in the United States. From 1990 to 1998, the population of the Seattle metropolitan area grew nearly 2%, ranking it 8th in the U.S. See Exhibit B. The Seattle metropolitan area economy is growing at a rate well above the national average. From 1990 to 1998, the effective buying income of Seattle metropolitan area residents grew 7.71%, ranking it 6th in the nation. Moreover, retail sales grew 6.91%, ranking this area 12th nationally. See Exhibit A, at 9. This tremendous growth is partly the result of the fact that Washington State and the Seattle-Tacoma metropolitan area, in particular, has become one of the most important high-tech regions in the country. See Exhibit B. The Seattle area is home to

numerous software companies, including the largest in the world. Washington State is ranked 1st in the country in terms of high-tech employment, with 35% of state employment in technology-based industry. See Exhibit B. Significant technology-based employment includes the areas of aerospace, computer services and software, engineering services and research and testing services. See Exhibit B.

The proposed service to Reagan National Airport has generated great enthusiasm in the Seattle area. Civic and Congressional support is evident in the attachments to this pleading, including a Congressional delegation letter and letters from Washington State Governor Gary Locke, Seattle Mayor Paul Schell, the Seattle City Council President, the Co-Chair of the Transportation Committee of the Washington House of Representatives, Weyerhaeuser, Microsoft, and many other Washington State and local elected officials, public organizations and corporations. See Exhibit C.

In a May 19, 2000 letter to Secretary Slater, Senator Slade Gorton, Chairman of the Senate Commerce Subcommittee on Aviation and one of the principal authors of the slot provisions of the Air 21 Act, details why NWA's proposed service to Seattle best fits the statutory criteria of the Act. See Exhibit D.

Of all the cities contending for service, only SEA would receive first competitive non-stop service from Washington's airports.¹ This provides the maximum increase in competition of any city, and produces the greatest domestic network benefit beyond the perimeter.

¹ All other cities except SLC receive competitive daily service from IAD or BWI. SLC receives a weekly non-stop flight from Southwest in addition to Delta's flights.

II. Grant of Two of the Twelve Slot Exemptions to NWA Would Bring Much Needed Competition to the Washington-SEA Market, While Still Allowing Other Applicants to Receive Slot Exemptions

By granting only two of the twelve slot exemptions to NWA, the Department would greatly promote air transportation in the DCA-SEA and larger Washington, D.C.-SEA market and to 38 beyond-perimeter U.S. cities. The competitive impact of NWA's proposed service will be very significant, and more than justifies the grant of two of the twelve slot exemptions. In addition to these competitive benefits, the grant of just two slots to NWA would allow the Department to realize increased competition in several other beyond-perimeter markets, thereby maximizing competition in multiple markets, with increased domestic network benefits stemming from connecting hubs to DCA. These benefits are not available at Los Angeles or San Francisco, both of which already have competitive non-stop service to Washington.

A. SEA Is A Significant In-Bound Business Market for DCA, While Las Vegas Is an Out-Bound Tourist Market Better Served from BWI and IAD With Their Lower Fares

Las Vegas should not receive any slot exemptions because its status as an out-bound leisure market makes it a poor choice for non-stop service to DCA, which is the principal in-bound business market in the Washington, D.C. area. DCA is uniquely suited as a significant business-to-business market for people traveling to the Nation's Capitol on business. Given its proximity to downtown Washington, D.C., DCA is the Washington, D.C. area airport preferred by many travelers coming to the Nation's Capitol on business. In contrast, leisure and low-fare service originating in the Washington market, much of which originates in the suburbs, principally originates and terminates at IAD and BWI.

Non-stop service to Las Vegas, principally a tourist destination, is best provided from IAD and BWI, where lower fares attract leisure travelers to such destinations. While National Airlines makes a convincing case that its low fares generate traffic, it makes no effective case for routing that traffic to DCA rather than IAD and BWI. It defies logic that DCA will either become, or be best used, as an outbound airport to a tourist destination. The Washington market currently has 25 flights per day to Orlando by four different air carriers, yet only a single daily flight from DCA. While it is true that National Airlines would carry some connecting inbound traffic, virtually all of that traffic already has multiple competitive service from each of National Airline's service points to DCA via many different one-stop DCA routings. Moreover, since National Airlines traffic would be predominantly Las Vegas O&D, which is principally a tourist destination, Las Vegas is simply not a reasonable use of the very scarce beyond-perimeter slots which could as well be served from IAD and BWI.

In contrast to Las Vegas, Seattle is a significant and growing business market that would greatly benefit from non-stop service to DCA. In 1999, SEA had the fastest passenger growth (6.6%) of any West Coast airport. See Exhibit A, at 5. From 1985 to 1999, the number of domestic passengers grew by more than 7%. See Exhibit A, at 6. The Seattle-Tacoma metropolitan area is the third largest metropolitan area on the Pacific Coast of North America and the 12th largest in the United States. See Exhibit A , at 8. The granting of slot exemptions to Las Vegas that could otherwise be granted to SEA would be a lost opportunity in light of the far superior passenger and enhanced service benefits in the SEA-DCA and beyond-city markets.

B. The competitive impact of service to Seattle exceeds that to California airports

A grant of DCA slot exemptions to Los Angeles (LAX) or San Francisco (SFO) would have a negligible competitive and civic impact, as these markets already have vast numbers of non-stop flights to multiple airports serving Washington, D.C. NWA's proposed service would introduce the first competitive non-stop service in the SEA-Washington, D.C. market, which is currently monopolized by one non-stop air carrier (United).

The importance of the service to the Seattle economy can be seen in the civic and Congressional support for Northwest's service. *See Exhibit C.* An award to Northwest, giving Seattle first competitive non-stop service to Washington, will be front page headline news. In contrast, it will simply be another service among others for Los Angeles and San Francisco. The Los Angeles-Washington market currently has three carriers offering flights from two airports. It is unrealistic to suppose that one or two more flights will significantly alter that competitive landscape. Similarly, San Francisco already has competitive service with United at IAD and BWI, and USAirways at BWI.

The granting of two slot exemptions to NWA represents the only real opportunity for introducing much needed competitive non-stop service in the SEA-Washington, D.C. market. It is highly unlikely that new non-stop service to Seattle will be introduced at IAD. United currently has an 84% share of the SEA-IAD market, making it very unlikely for NWA, which has a strong hub presence at SEA, let alone other carriers that are not as strong at SEA, to start new non-stop service from IAD. At BWI, although some non-stop service is likely down the road, USAirways, the only carrier that would likely offer competitive service, does not appear to be planning non-stop service to

Seattle. Northwest's proposed non-stop from DCA would immediately change the competitive landscape in this city-pair market, with far greater effect than for LAX or SFO.

C. Competitive Overlap in Service Between Phoenix, Denver and Salt Lake City Warrants Not Granting All Slot Exemptions for These Airports

All twelve DCA slot exemptions should not be granted to America West for Phoenix, Frontier Airlines for Denver and Delta for Salt Lake City because each of these airports serves the same northern-to-southern areas of the western United States. As a result, these three air carriers already provide overlapping service to the Rocky Mountain Region from these airports.

In contrast to the 38 U.S. cities that would benefit from one-stop service via NWA's SEA network and its code-share with Alaska Airlines/Horizon Air, granting all twelve slots to these air carriers for non-stop service to these airports and one-stop service behind them would not result in maximizing new competitive service to beyond-perimeter cities in the U.S.

Certainly Delta's proposed service to Salt Lake City is viable with a daily service. Delta has extensive service into Reagan National, so Delta could, like Northwest, easily operate a single daily flight to a destination. Moreover, Delta serves many large points behind SLC to DCA through its ATL and CVG hubs. For the local O&D market, and the small points not served through other Delta hubs, a single daily flight can offer business travelers adequate service. A split of two frequencies between Delta and Northwest would be feasible, and would offer far greater competitive and domestic network benefits than granting two frequencies to SLC and none to SEA.

III. Approval of NWA's Application is in the Public Interest

NWA's satisfaction of the four statutory criterion for DCA slot exemptions under Section 231(e) of the AIR 21 Act, as discussed below, and its proposed service's benefits to thousands of passengers in the DCA-SEA and beyond-perimeter markets demonstrate that approval of its Application is in the public interest. The initiation of this proposed service would greatly benefit passengers traveling between DCA and SEA and/or beyond cities, especially since SEA is the fifth largest O&D market without non-stop service to DCA. With respect to the DCA-SEA market, in which there were 109,850 passengers in 1999, NWA's proposed service would introduce the first non-stop service in this market. Even more significantly, it would introduce new competitive non-stop service to United Air Lines' non-stop IAD-SEA service in the larger Washington, D.C.-SEA market. This market had more than 500,000 passengers in 1999.

With respect to beyond-SEA city markets, the proposed service would bring first one-stop services to these markets. More specifically, the service would introduce first one-stop service to 16 of the 38 U.S. cities beyond Seattle via NWA's Seattle network and its code-share with Alaska Airlines/Horizon Air. Many of these cities are small or medium-sized communities. The proposed service would also create new jobs at SEA and DCA airports and at various beyond-perimeter airports via NWA's SEA network and its code-share with Alaska Airlines/Horizon Air.

IV. NWA Meets the Statutory Criteria for DCA Slot Exemptions

NWA's Application satisfies each of the four statutory criterion of 49 U.S.C. § 41718(a). To be granted DCA slot exemptions, the Secretary of the Department must find that the exemptions will:

- (1) provide air transportation with domestic network benefits in areas beyond the perimeter described in that section;
- (2) increase competition by new entrant air carriers or in multiple markets;
- (3) not reduce travel options for communities served by small hub airports and medium hub airports within the perimeter described in section 49109;
and
- (4) not result in meaningfully increased travel delays.

49 U.S.C. § 41718(a).

In general, NWA's proposed service would: (1) provide domestic network benefits to 38 U.S. cities beyond the perimeter, including many small and medium-sized communities; (2) increase competition in the Washington, D.C. (DCA, IAD, BWI)-SEA market, and introduce new non-stop service in the DCA-SEA market; (3) not reduce NWA's existing DCA services to any airport within the perimeter; and (4) not result in any meaningfully increased travel delays, but rather reduce travel times and increase convenience for beyond-city passengers via NWA's SEA network.

A. NWA's Proposed Service Would Offer Substantial Domestic Network Benefits to Beyond-Perimeter Cities

Under the first criterion, NWA's proposed service would provide domestic network benefits to 38 U.S. cities beyond the perimeter, including many small and medium sized communities as defined by the Federal Aviation Administration, via its SEA network and its code-share with Alaska Airlines/Horizon Air. With respect to these beyond-SEA city markets, the proposed service would bring first one-stop service to DCA from 16 cities: Juneau, AK; Medford, OR; Bellingham, WA; Yakima, WA; Pullman, WA; Redmond, WA; Lewiston, ID; Wenatchee, WA; Ketchikan, AK; Port

Angeles, WA; Sitka, AK; Walla Walla, WA; Moses Lake, WA; Fairbanks, AK; Eugene, OR; and Kalispell, MT.

B. NWA's Proposed Service Would Increase Competition in the DCA-SEA Market and Beyond-Perimeter Markets

NWA's proposed service also meets the second criterion. First, NWA's service would make it a new entrant in the non-stop Washington, D.C. (IAD, DCA, BWI)-SEA market, and in the 16 beyond-perimeter cities listed above. Currently, only United Air Lines flies non-stop to SEA from DCA. Approval of NWA's Application would bring much needed competition in this monopoly market. Second, approval of the Application would lead to increased competition in other markets beyond SEA. NWA would increase one-stop competition to Washington (IAD and DCA) for twenty-five U.S. cities, five of which would benefit from first-ever one-stop service to DCA.

C. NWA's Proposed Service Would Increase Travel Options for Various Beyond-Perimeter Cities Served by Small and Medium Hub Airports

As to the third criterion, NWA indicates in its Application that it has no plans to reduce its existing DCA services to any airport, including small hub airports and medium hub airports, within the perimeter due to its proposed service. Rather, NWA's proposed non-stop beyond-perimeter service via its SEA network and its code-share with Alaska Airlines/Horizon Air would in fact increase travel options for communities in the western United States that have current service to DCA through small or medium hub airports within the perimeter by creating new one-stop routes for such communities,

D. NWA's Proposed Service Would Enhance Services for Beyond-Perimeter Cities and Would not Cause Travel Delays


Pursuant to the fourth criterion, NWA's proposed service would not result in meaningfully increased travel delays at DCA or other U.S. airports. Rather, it would

reduce travel times and increase convenience for passengers traveling between SEA and DCA. Moreover, it would even enhance service for thousands of beyond-city passengers traveling to DCA via its SEA network and its code-share with Alaska Airlines/Horizon Air by introducing first one-stop service to DCA from 16 beyond-perimeter cities.

WHEREFORE, the Port of Seattle respectfully requests that the Department approve NWA's Application for two slot exemptions pursuant to 49 U.S.C. § 41718(a) as enacted by Section 231(e) of the Air 2 1 Act to authorize NWA to begin new scheduled daily, non-stop service between DCA and SEA and one-stop service to 38 U.S. cities via NWA's SEA network and its code-share with Alaska Airlines/Horizon Air.

Respectfully submitted,

PRESTON GATES ELLIS &
ROUVELAS-MEEDS LLP

By: 
Jonathan Blank
David Thomas

On Behalf of:
Port of Seattle

May 22, 2000

CERTIFICATE OF SERVICE

I certify that I have on this 22nd day of May, 2000, caused to be served a copy of the foregoing Answer by first-class mail, postage prepaid, upon the persons named on the attached list.

A handwritten signature in black ink, appearing to read 'D. Thomas', written over a horizontal line.

David Thomas

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DCA-SEA Service

Response Submitted by



Port of Seattle

Seattle Will Be a Good Choice

- The Seattle hub of Alaska Airlines serves the Pacific Northwest and Alaska
- The Northwest, Rocky Mountain and Alaska services of Alaska Airlines support long-haul services of Northwest Airlines
- Seattle is a large and growing business market
- Sea-Tac International Airport and its hub-connecting neighbors need nonstop SEA-DCA service and first competitive nonstop service to the Baltimore-Washington area

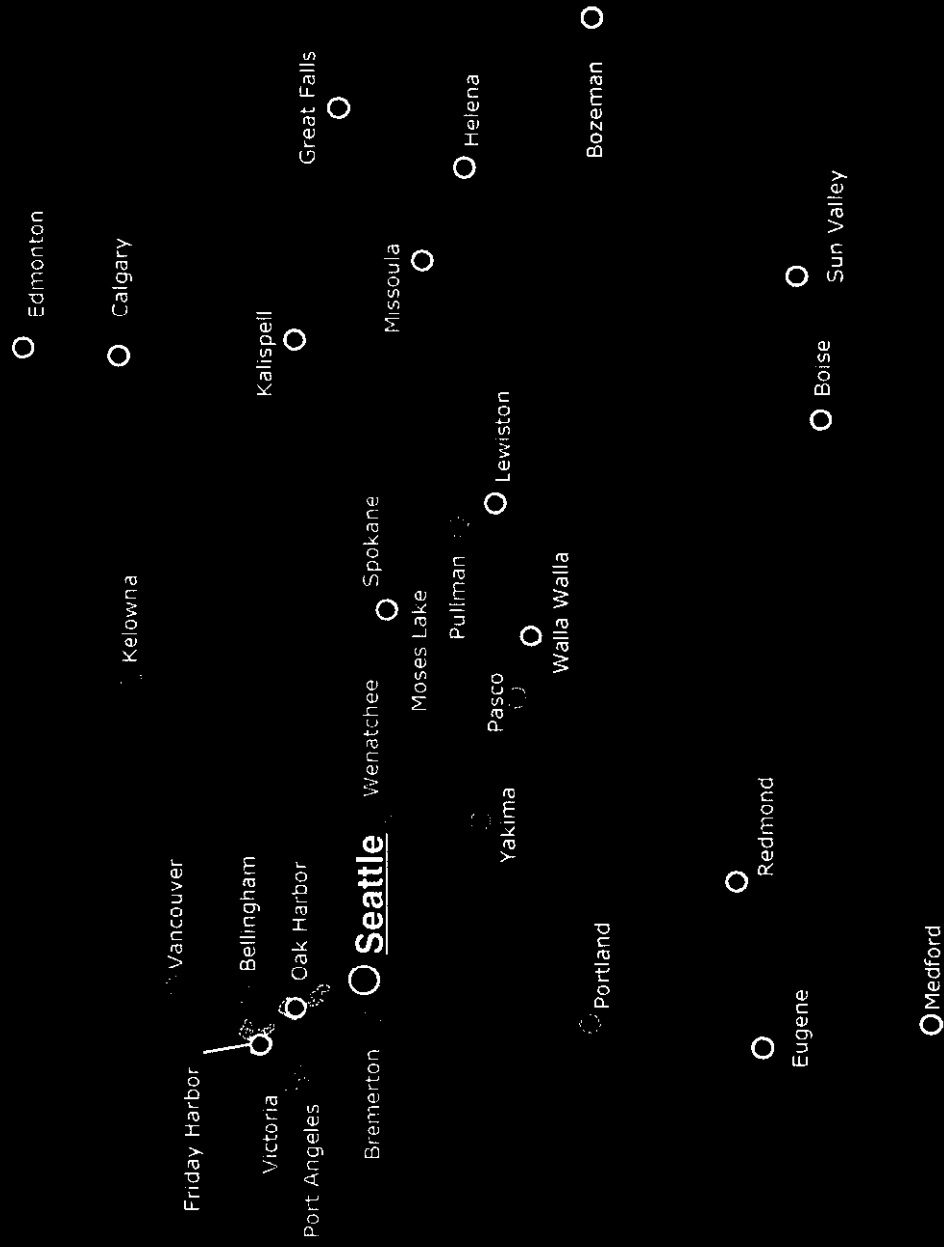
Seattle Connections

Nonstop Seattle Routes Flown by Alaska/Horizon

<u>Alaska Airlines</u>	<u>Horizon Air</u>
Anchorage	Bellingham
Burbank	Boise
Fairbanks	Bozeman
Juneau	Calgary
Ketchikan	Edmonton
Las Vegas	Eugene
Los Angeles	Fresno
Mazatlan	Great Falls
Oakland	Helena
Ontario	Kalispell
Orange County	Kelowna
	Lewiston
	Medford
	Missoula
	Moses Lake
	Pasco
	Port Angeles
	Portland
	Pullman
	Spokane
	Sun Valley
	Vancouver
	Walla Walla
	Wenatchee
	Yakima

Seattle Air Service

Regional Destinations of Alaska/Horizon



Strong Traffic Results in 1999

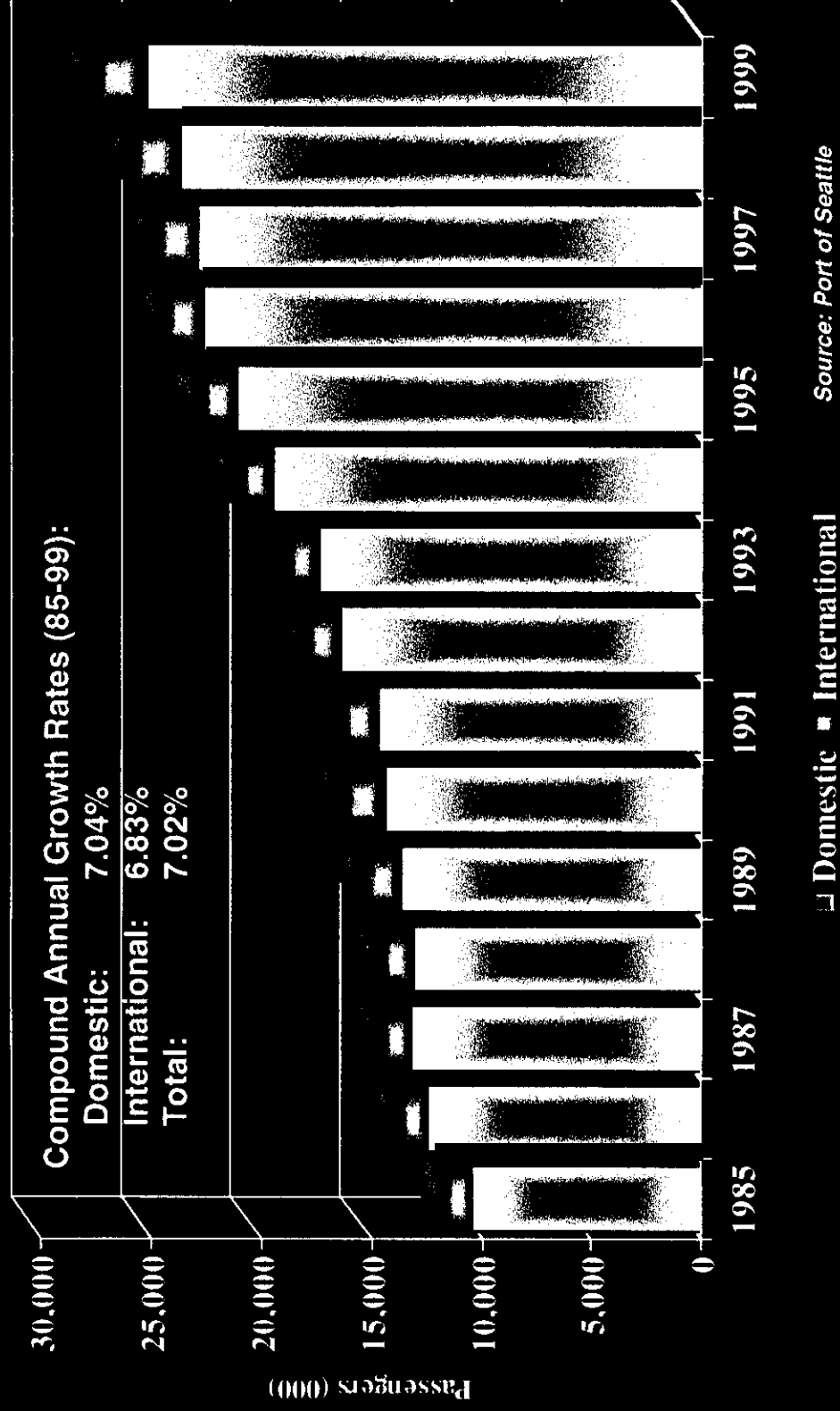
Fastest Passenger Growth of West Coast Airports

<u>Airport</u>	<u>1999 Growth</u>
Los Angeles	4.2%
San Francisco	0.6%
San Jose	2.2%
Vancouver	3.0%
San Diego	3.0%
Portland	5.4%

Source: ACI

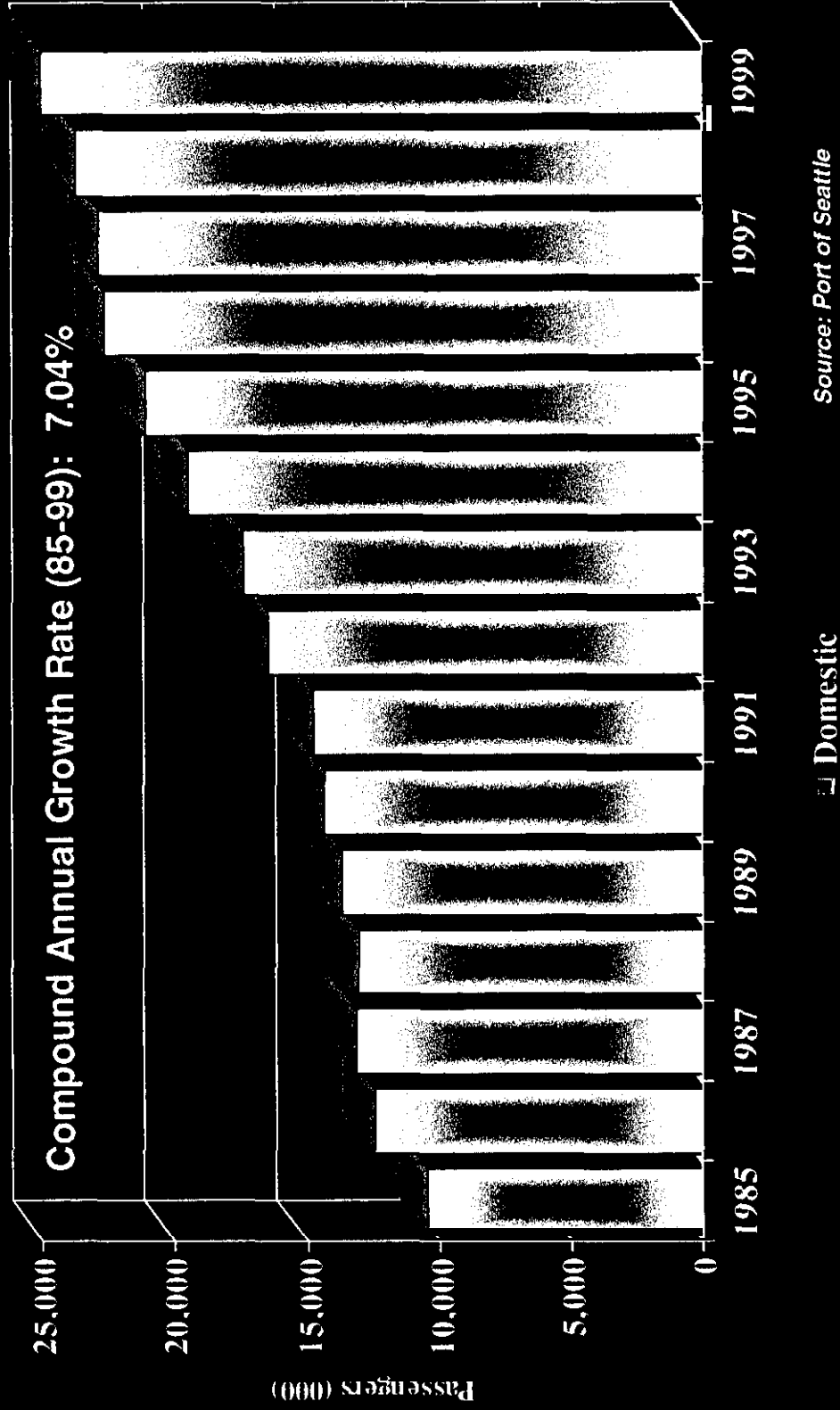
Seattle Passenger Traffic

Total Air Passenger Levels



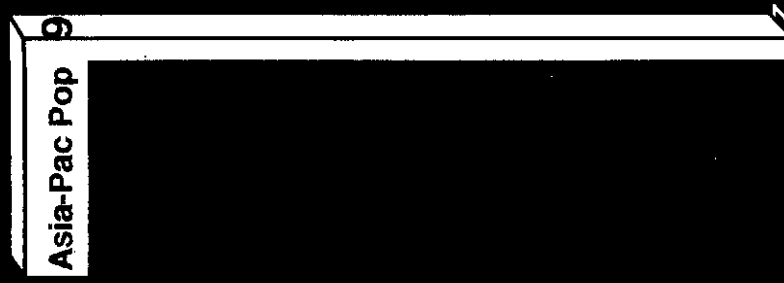
Seattle Passenger Traffic

Domestic Air Passenger Levels



Seattle - Tacoma Metropolitan Area

National Ranking



1999 Economic Indicators

Population	4,163,000	
Effective Buying Income (000)	\$86,500,000	
Median Household EBI	\$42,982	Retail Sales
Buying Power Index	1.7152	13
Retail Sales (000)	\$42,600,000	

Source: Sales & Marketing Management.
Survey of Buying Power, 1990-1999

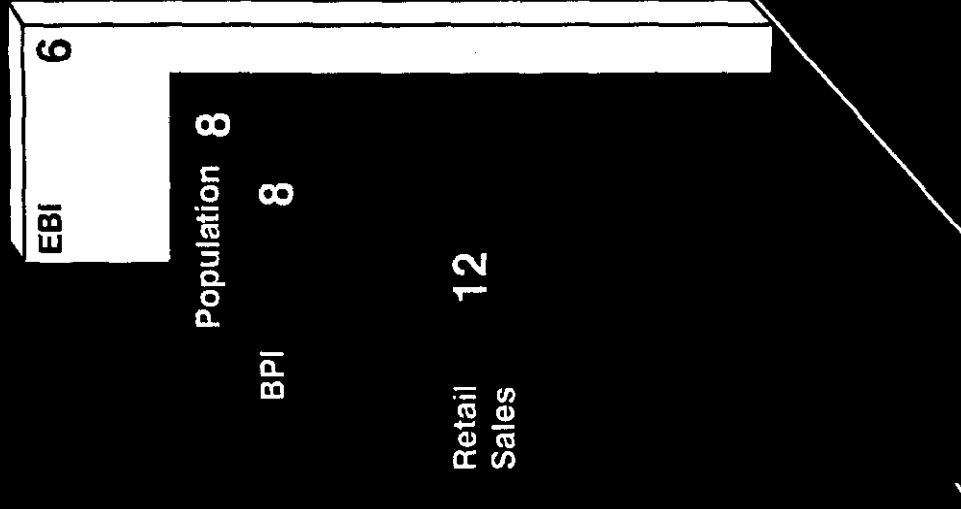
Seattle Metropolitan Statistical Area

Growth Rank Among
The 25 Largest MSA's

Compound Annual Growth Rates

Population 1990-1998	1.90%	Retail Sales 1990-1998	6.91%
Buying Power Index (BPI) 1990-1998	1.57%	Effect. Buying Income (EBI) 1990-1998	7.71%

Source: Sales & Marketing Management.
Survey of Buying Power. 1990-1998



Seattle is a Major Market

Market Overview

Washington is the fifth largest exporting state with the highest exports per capita, four times the U.S. average.

Seattle is home to Microsoft, Boeing and other leaders of the new economy featuring software and systems development, e-commerce, aerospace and other high-tech manufacturing.

Seattle's economy is supported also by strong growth in natural resources, trade and tourism.

Seattle is a premier center for international trade, which accounts for a quarter of area jobs.

Port of Seattle

The Economy is Diversified

Washington State's Largest Public Companies

<u>Company Name</u>	<u>1998 Revenues a/</u>	<u>Description of Business</u>
The Boeing Company	\$56,154	Aerospace & Defense Manufacturer
Costco Companies, Inc.	24,270	Membership Warehouse Retailing
Microsoft Corporation	14,484	Software Products and Services
Washington Mutual, Inc.	12,746	Financial Services
Weyerhaeuser Company	10,766	Forest Products
Paccar	7,578	Heavy Duty Trucks
Safeco Corporation	6,490	Diversified Financial Services
Nordstrom, Inc.	5,028	Upscale Department Stores
Avista Corporation	3,684	Public Utility
Airborne Express	3,074	Air Express and Freight Forwarder
Puget Sound Energy	1,907	Public Utility
Alaska Air Group	1,898	Airline Holding Company
Potlatch Corporation	1,566	Forest Products
Starbucks Coffee Company	1,309	Coffee Roaster and Coffee-Bar Retailer
Expeditors International	1,070	International Freight Forwarder
Longview Fibre	753	Natural Resources and Forest Products
Plum Creek Timber Company	609	Forest Products
Amazon.com, Inc.	610	E-Commerce Retailing Pioneer
Labor Ready, Inc.	607	Temporary Employment Services
Western Wireless Corporational	555	Telecommunications
Multiple Zones International	501	Computer and Software Retailer
Washington Federal, Inc.	472	Financial Services Holding Company
Esterline Technologies Corporation	454	Diversified Manufacturing
The Ackerley Group	275	Diversified Communications
Spacelabs Medical, Inc.	274	High-tech Medical Equipment Manufacturer

a/ \$millions

Source: Puget Sound Business Journal

Seattle is a Major Market

Market Overview

Population -

Washington State: 5.8 million

Seattle-Tacoma Market: 4.1 million

Rapid Growth of 1.9 percent annually.

Seattle-Tacoma is the 3rd largest metropolitan area on the Pacific Coast of North America; the 12th largest in the U.S.

Port of Seattle

Seattle is an Attractive Destination

Area Sightseeing

- Mt. Rainier - National park and 14,410 ft. peak.
- Mt. St. Helens - Flying tours of volcano crater.
- Puget Sound - Over 80 islands.
- Olympic National Park - Rain forest and ocean beaches.
- Snoqualmie Falls - Waterfall, fine dining and lodging.
- Skiing, Hot Air Ballooning, Kayaking & Hiking - Many parks are within driving distance of the city.

Seattle is an Attractive Destination

Special Attractions

- Pike Place Market - Oldest continually operating farmer's market in the nation.
- Pioneer Square - Entertainment, art galleries and shopping in Seattle's historic district.
- Professional Sports - NFL football, NBA basketball, Major League baseball.
- Seattle Center - 74 acre urban park includes the Space Needle, Seattle Opera, Seattle Symphony, Seattle Repertory Theater, Intiman Theater and Pacific Northwest Ballet.



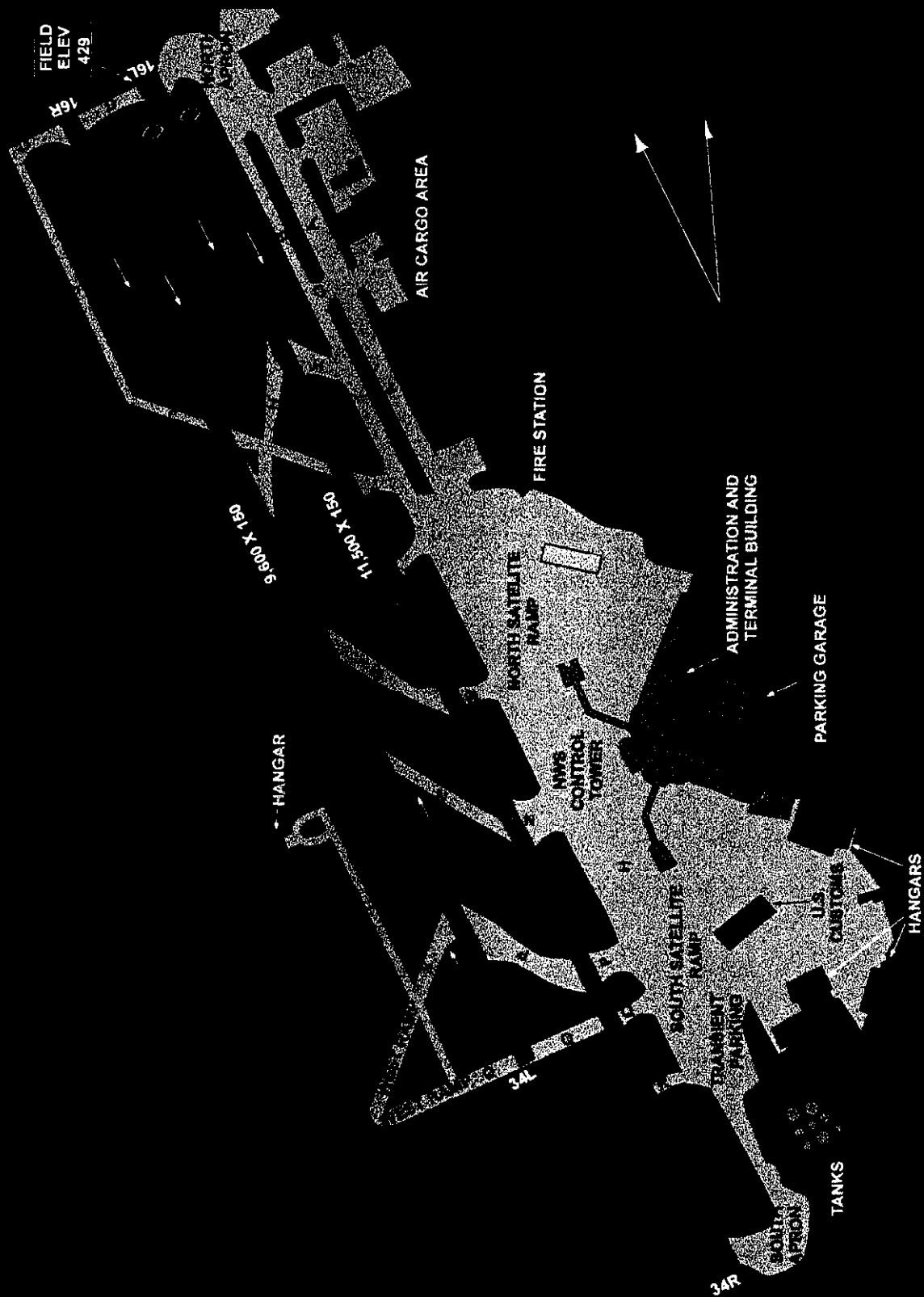
Port of Seattle

Seattle is an Attractive Destination

Area Sightseeing

- Boeing Widebody Aircraft Plant - The largest building in the world (enclosed volume).
- Chateau Ste. Michelle - One of many local wineries.
- Woodland Park Zoo - One of Top 10 zoos in the U.S.
- Museums - Pacific Science Center, Museum of Flight, Seattle Aquarium, Seattle Art Museum.

Sea-Tac International Airport



Sea-Tac International Airport

Key Features

- ✈ Parallel runways - 3,505m. and 2,925m.
(11,500 ft. & 9,600 ft.)
- ✈ 76 gates.
- ✈ 280,000 square meters (3 mm sq. ft.) of cargo facilities; 72,000 square meters (777,000 sq. ft.) of buildings.
- ✈ 27 Km (16 miles) from Downtown Seattle.

Reference Web Sites

www.portseattle.org
www.seeseattle.org
www.ci.seattle.wa.us/business/tda/tda.htm
www.ncl.com/html/destinations/fp_de_ak.htm
www.argoscruises.com
www.experience.org/hilow.asp
www.spaceneedle.com
www.mariners.org
www.nba.com/sonics
www.newcastlegolf.com
www.bellharbor.com
www.nordstrom.com
www.pacificplaceseatle.com
www.seattlesymphony.org
www.seattleartmuseum.org

DCA-SEA Service

Response Submitted by



Seattle Will Be a Good Choice

- The Seattle hub of Alaska Airlines serves the Pacific Northwest and Alaska
- The Northwest, Rocky Mountain and Alaska services of Alaska Airlines support long-haul services of Northwest Airlines
- Seattle is a large and growing business market
- Sea-Tac International Airport and its hub-connecting neighbors need nonstop SEA-DCA service and first competitive nonstop service to the Baltimore-Washington area

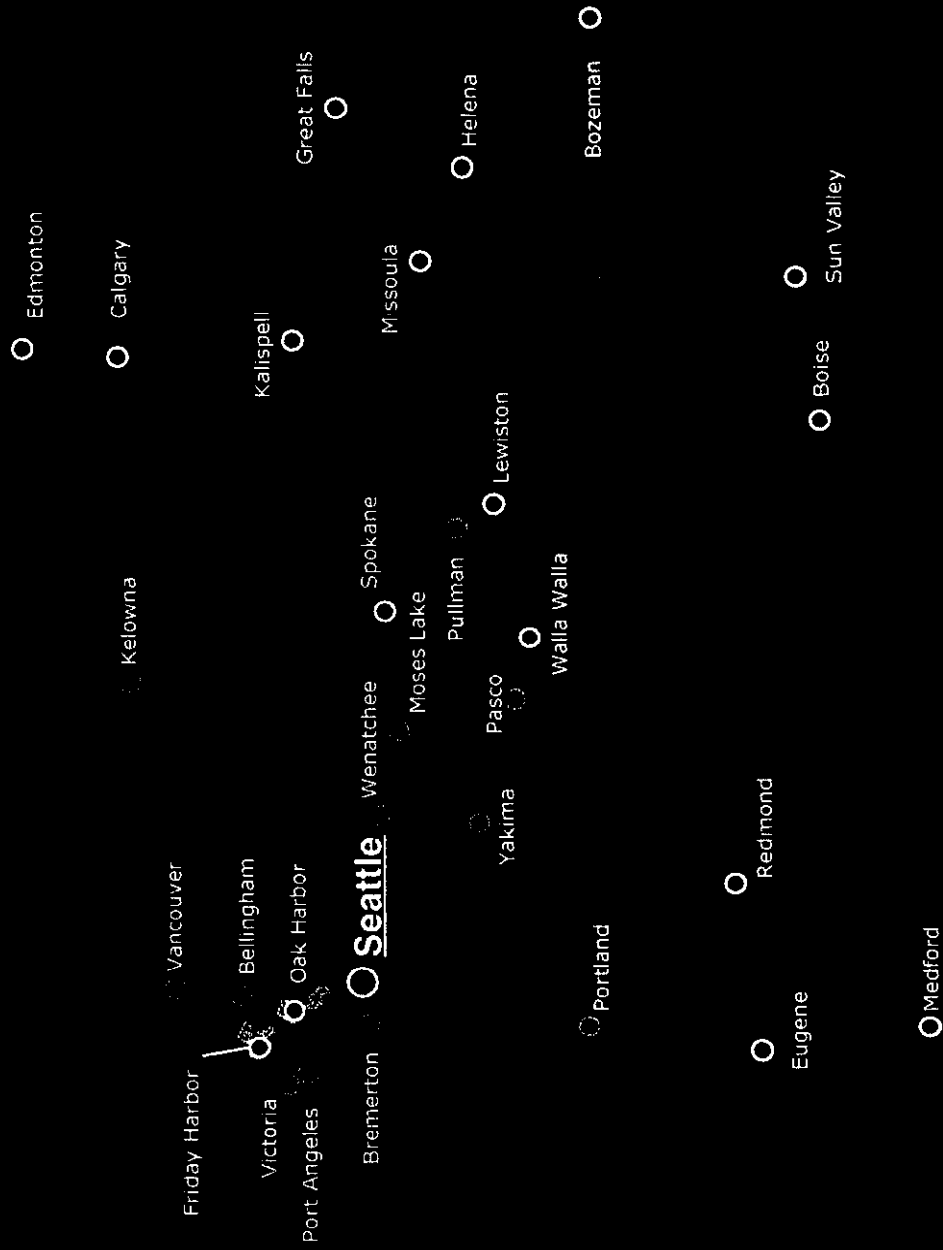
Seattle Connections

Nonstop Seattle Routes Flown by Alaska/Horizon

<u>Alaska Airlines</u>	<u>Horizon Air</u>
Anchorage	Bellingham
Burbank	Boise
Fairbanks	Bozeman
Juneau	Calgary
Ketchikan	Edmonton
Las Vegas	Eugene
Los Angeles	Fresno
Mazatlan	Great Falls
Oakland	Helena
Ontario	Kalispell
Orange County	Kelowna
	Lewiston
	Medford
	Missoula
	Moses Lake
	Pasco
	Port Angeles
	Portland
	Pullman
	Spokane
	Sun Valley
	Vancouver
	Walla Walla
	Wenatchee
	Yakima

Seattle Air Service

Regional Destinations of Alaska/Horizon



Strong Traffic Results in 1999

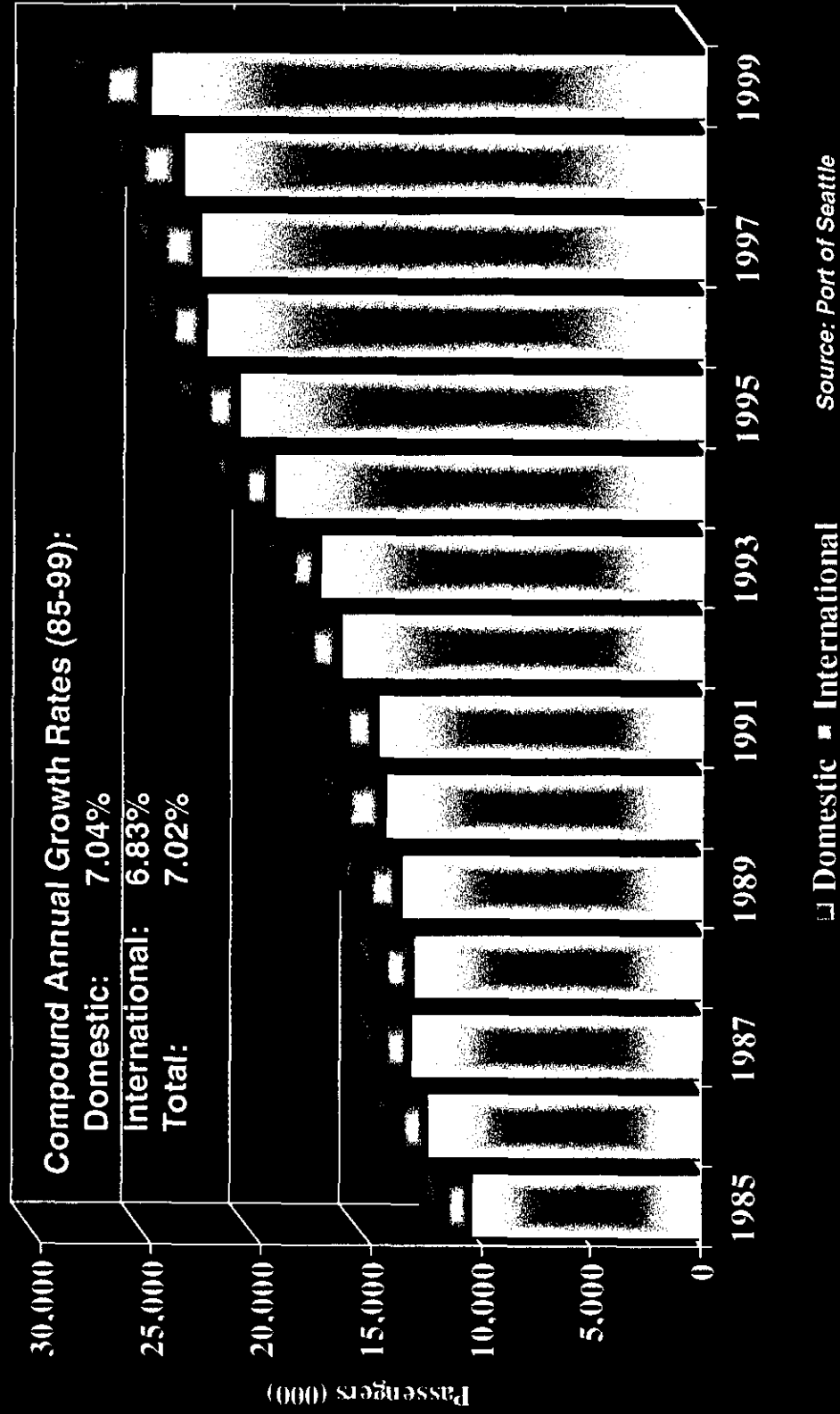
Fastest Passenger Growth of West Coast Airports

<u>Airport</u>	<u>1999 Growth</u>
Los Angeles	4.2%
San Francisco	0.6%
San Jose	2.2%
Vancouver	3.0%
San Diego	3.0%
Portland	5.4%

Source: ACI

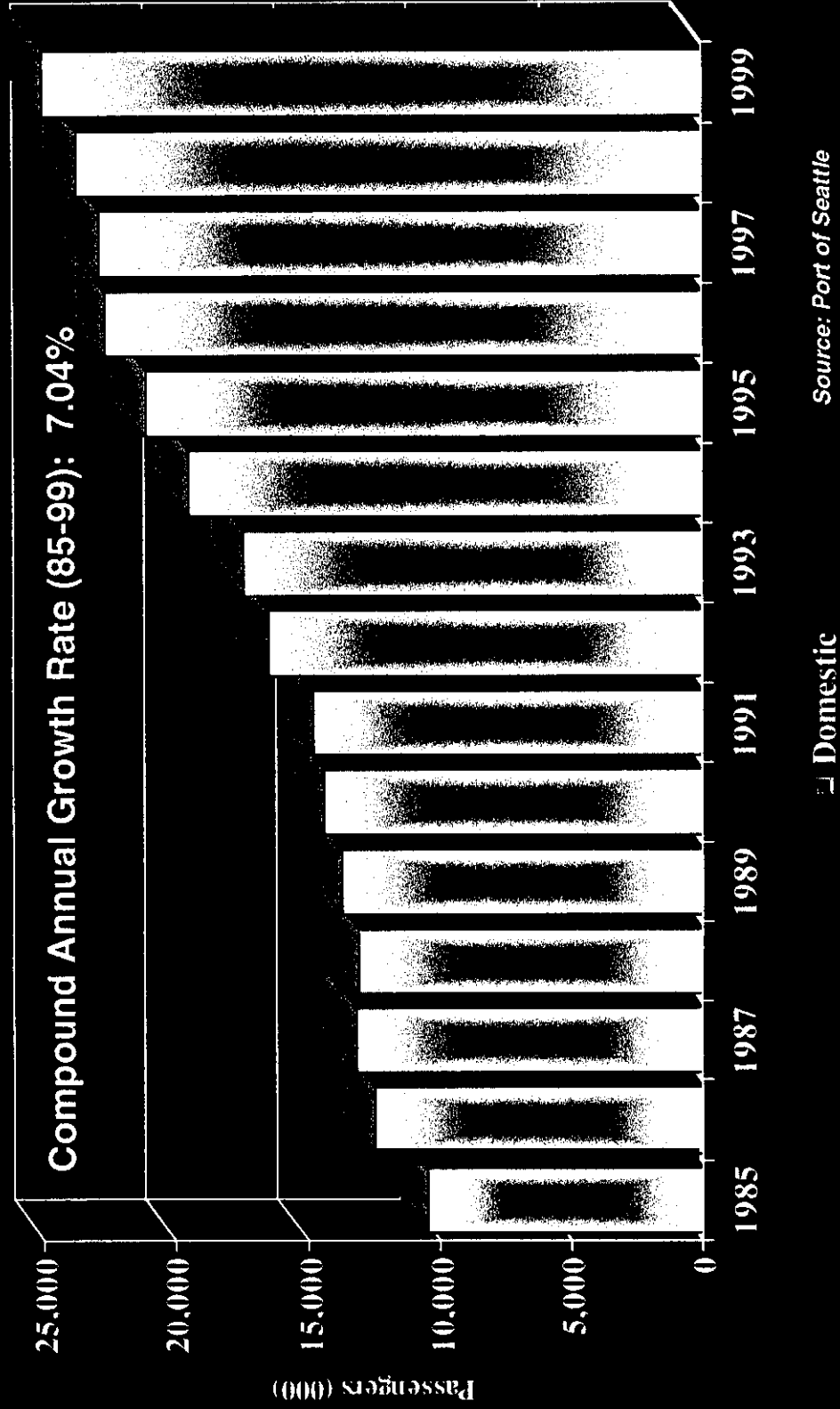
Seattle Passenger Traffic

Total Air Passenger Levels



Seattle Passenger Traffic

Domestic Air Passenger Levels



Seattle - Tacoma Metropolitan Area

National Ranking

1999 Economic Indicators

Population	4,163,000	
Effective Buying Income (000)	\$86,500,000	
Median Household EBI	\$42,982	Retail Sales
Buying Power Index	1.7152	13
Retail Sales (000)	\$42,600,000	

Source: Sales & Marketing Management.
Survey of Buying Power, 1990-1999

Asia-Pac Pop 9

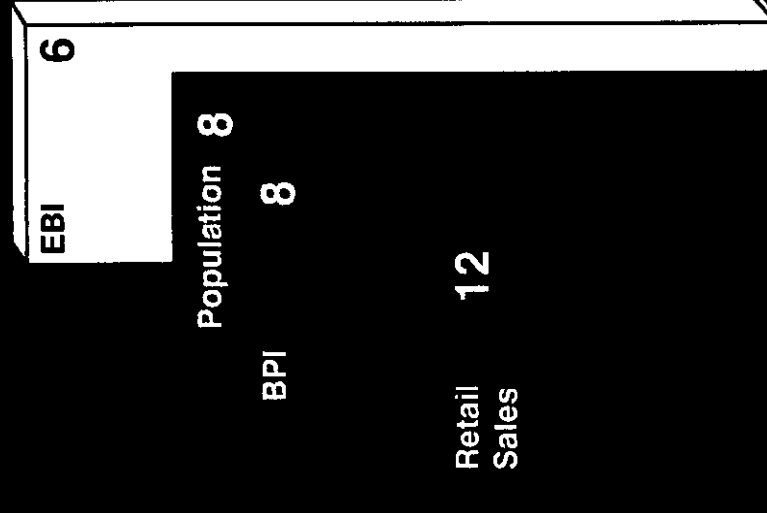
Seattle Metropolitan Statistical Area

Growth Rank Among
The 25 Largest MSA's

Compound Annual Growth Rates

Population 1990-1998	1.90%	Retail Sales 1990-1998	6.91%
Buying Power Index (BPI) 1990-1998	1.57%	Effect. Buying Income (EBI) 1990-1998	7.71%

Source: Sales & Marketing Management.
Survey of Buying Power. 1990-1998



Seattle is a Major Market

Market Overview

- › Washington is the fifth largest exporting state with the highest exports per capita, four times the U.S. average.
- › Seattle is home to Microsoft, Boeing and other leaders of the new economy featuring software and systems development, e-commerce, aerospace and other high-tech manufacturing.
- › Seattle's economy is supported also by strong growth in natural resources, trade and tourism.
- › Seattle is a premier center for international trade, which accounts for a quarter of area jobs.

The Economy is Diversified

Washington State's Largest Public Companies

<u>Company Name</u>	<u>1998 Revenues a/</u>	<u>Description of Business</u>
The Boeing Company	\$56,154	Aerospace & Defense Manufacturer
Costco Companies, Inc.	24,270	Membership Warehouse Retailing
Microsoft Corporation	14,484	Software Products and Services
Washington Mutual, Inc.	12,746	Financial Services
Weyerhaeuser Company	10,766	Forest Products
Paccar	7,578	Heavy Duty Trucks
Safeco Corporation	6,490	Diversified Financial Services
Nordstrom, Inc.	5,028	Upscale Department Stores
Avista Corporation	3,684	Public Utility
Airborne Express	3,074	Air Express and Freight Forwarder
Puget Sound Energy	1,907	Public Utility
Alaska Air Group	1,898	Airline Holding Company
Potlatch Corporation	1,566	Forest Products
Starbucks Coffee Company	1,309	Coffee Roaster and Coffee-Bar Retailer
Expeditors International	1,070	International Freight Forwarder
Longview Fibre	753	Natural Resources and Forest Products
Plum Creek Timber Company	609	Forest Products
Amazon.com, Inc.	610	E-Commerce Retailing Pioneer
Labor Ready, Inc.	607	Temporary Employment Services
Western Wireless Corporation	555	Telecommunications
Multiple Zones International	501	Computer and Software Retailer
Washington Federal, Inc.	472	Financial Services Holding Company
Esterline Technologies Corporation	454	Diversified Manufacturing
The Ackerley Group	275	Diversified Communications
Spacelabs Medical, Inc.	274	High-tech Medical Equipment Manufacturer

a/ \$millions

Source: *Puget Sound Business Journal*

Seattle is a Major Market

Market Overview

→ Population -

Washington State: 5.8 million

Seattle-Tacoma Market: 4.1 million

Rapid Growth of 1.9 percent annually.

Seattle-Tacoma is the 3rd largest metropolitan area on the Pacific Coast of North America; the 12th largest in the U.S.

Seattle is an Attractive Destination

Area Sightseeing

- Mt. Rainier - National park and 14,410 ft. peak.
- Mt. St. Helens - Flying tours of volcano crater.
- Puget Sound - Over 80 islands.
- Olympic National Park - Rain forest and ocean beaches.
- Snoqualmie Falls - Waterfall, fine dining and lodging.
- Skiing, Hot Air Ballooning, Kayaking & Hiking - Many parks are within driving distance of the city.

Seattle is an Attractive Destination

Special Attractions

- Pike Place Market - Oldest continually operating farmer's market in the nation.
- Pioneer Square - Entertainment, art galleries and shopping in Seattle's historic district.
- Professional Sports - NFL football, NBA basketball, Major League baseball.
- Seattle Center - 74 acre urban park includes the Space Needle, Seattle Opera, Seattle Symphony, Seattle Repertory Theater, Intiman Theater and Pacific Northwest Ballet.



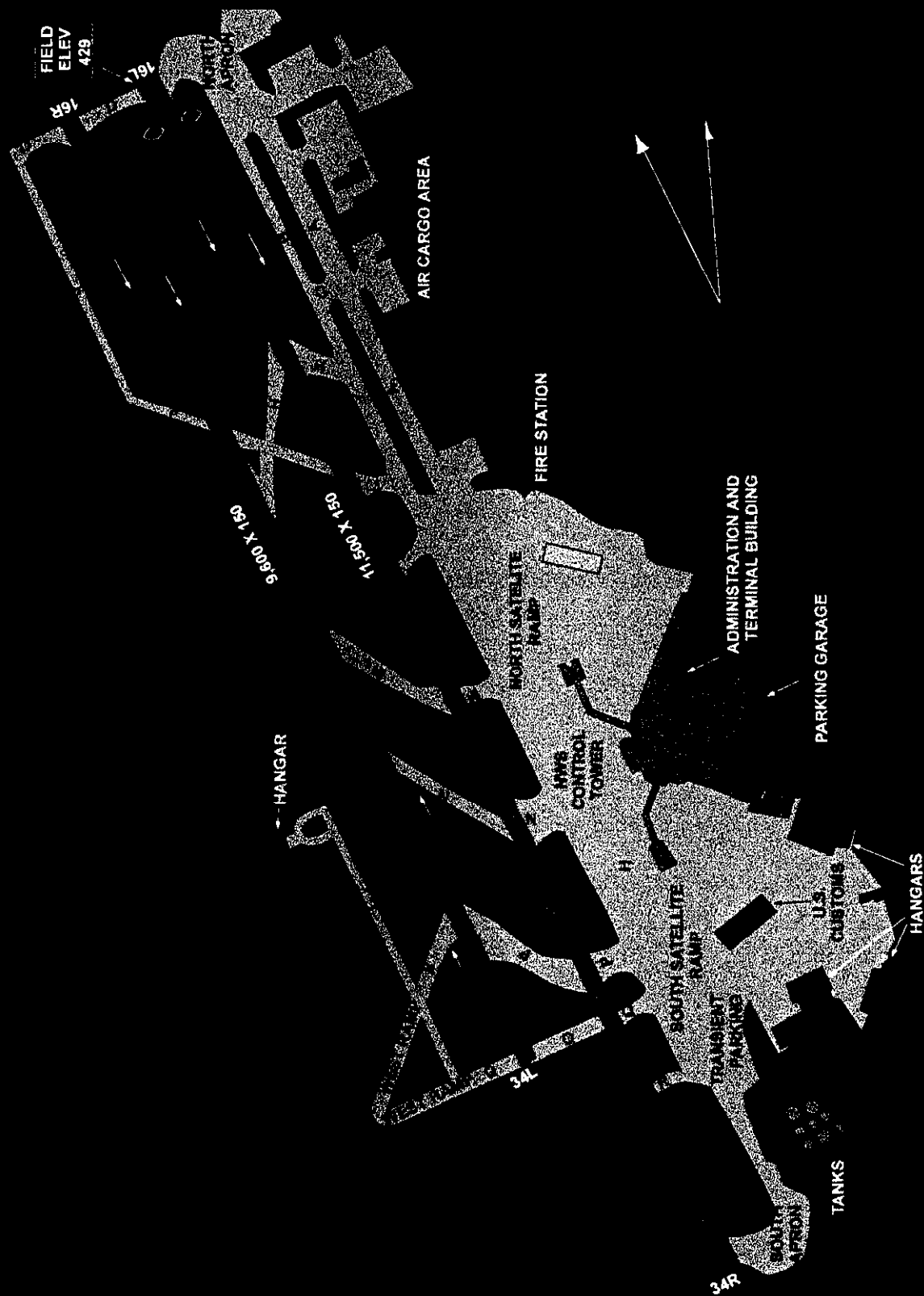
Seattle is an Attractive Destination

Area Sightseeing

- Boeing Widebody Aircraft Plant - The largest building in the world (enclosed volume).
- Chateau Ste. Michelle - One of many local wineries.
- Woodland Park Zoo - One of Top 10 zoos in the U.S.
- Museums - Pacific Science Center, Museum of Flight, Seattle Aquarium, Seattle Art Museum.



Sea-Tac International Airport



Sea-Tac International Airport

Key Features

- ✈ Parallel runways - 3,505m. and 2,925m.
(11,500 ft. & 9,600 ft.)
- ✈ 76 gates.
- ✈ 280,000 square meters (3 mm sq. ft.) of cargo facilities; 72,000 square meters (777,000 sq. ft.) of buildings.
- ✈ 27 Km (16 miles) from Downtown Seattle.

Port of Seattle

Reference Web Sites

www.portseattle.org
www.seeseattle.org
www.ci.seattle.wa.us/business/tda/tda.htm
www.ncl.com/html/destinations/fp_de_ak.htm
www.argoscruises.com
www.experience.org/hilow.asp
www.spaceneedle.com
www.mariners.org
www.nba.com/sonics
www.newcastlegolf.com
www.bellharbor.com
www.nordstrom.com
www.pacificplaceseattle.com
www.seattlesymphony.org
www.seattleartmuseum.org

Congress of the United States

Washington, DC 20515

May 22, 2000

The Honorable Rodney Slater
U. S. Department of Transportation
400 7th Street SW
Room 10200
Washington, D. C. 20590

Re: Application of Northwest Airlines, Inc, Docket OST-2000-7181-23

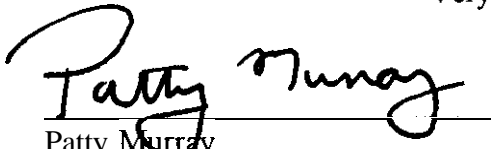
Dear Secretary Slater:


We members of the Washington state congressional delegation are writing in support of Northwest Airlines' application for one of the six available beyond-perimeter flights to Reagan National Airport. Northwest's proposed daily flight from Seattle-Tacoma International Airport would greatly benefit the Puget Sound region, one of the nation's premier economic areas. Moreover, through its code-sharing agreement with Alaska Airlines and Horizon Airlines, Seattle's hometown carriers, the Northwest flight would offer faster and more efficient connections to Reagan National Airport from throughout Washington state and Alaska.

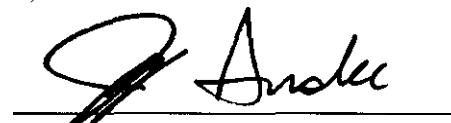
Congress approved the new slots for beyond-perimeter flights to maximize competition and benefit the domestic route system. Northwest's new flight to Seattle would be the best way to achieve these congressional goals, with significant benefits to both Washington state and Alaska.

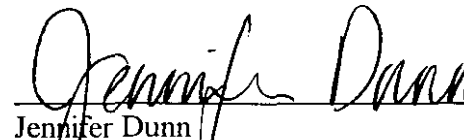
The tremendous growth of Puget Sound's high-tech economy has greatly increased air travel to and from Washington, D.C. We believe our region deserves direct access to Reagan National, as well as the other Washington, D.C., airports. Selection of Seattle-Tacoma for one of these six new flights would assure the best possible use of these scarce opportunities. We look forward to your approval of Northwest's application.

Very truly yours,


Patty Murray
United States Senator

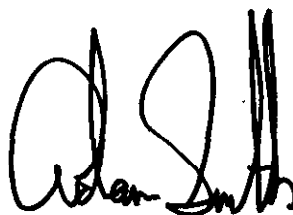

Norm Dicks
United States Congressman


Jay Inslee
United States Congressman


Jennifer Dunn
United States Congresswoman

A handwritten signature in black ink, reading "Jim McDermott". The signature is written in a cursive style with a large initial "J".

Jim McDermott
United States Congressman

A handwritten signature in black ink, reading "Adam Smith". The signature is written in a cursive style with a large initial "A".

Adam Smith
United States Congressman

GARYLOCKE
Governor



STATE OF WASHINGTON
OFFICE OF THE GOVERNOR

P.O. Box 40002 • Olympia, Washington 98504-0002 • (360) 753-6780 • TTY/TDD (360) 753-6466

May 19, 2000

The Honorable Rodney Slater
Department of Transportation
400 Seventh Street SW
Washington, DC 20590

Dear Secretary Slater:

I am writing in support of two applications submitted by Northwest Airlines.

First, Northwest has applied for two slots at Washington Reagan National Airport to serve Seattle-Tacoma. Many of our state's business leaders fly frequently to Washington, D.C. and would benefit from improved air service. Restrictions that prohibit nonstop service between Seattle-Tacoma and Washington Reagan National currently require travelers to fly into Dulles or Baltimore and take a taxi to Washington, D.C.

However, recently passed legislation allowing nonstop service between Seattle-Tacoma and Washington, D.C. offers an opportunity to reduce the cost and inconvenience these restrictions impose. Northwest Airlines proposes to improve our air travel options by flying nonstop between Seattle-Tacoma Airport and Washington Reagan National Airport — a service that would be of great value to businesses in our state.

Second, Northwest has submitted an application for additional frequencies to expand its heavy cargo lift capacity in the U.S.-China Market. I understand that the Department of Transportation has recently negotiated an important new bilateral aviation agreement between the U.S. and China, which will allow you to designate a new carrier to serve the U.S.-China market and to allocate 10 new daily frequencies in that market. This is an important opportunity to maximize the benefits of recent liberalization of trade with China.

The current heavy cargo capacity in the U.S.-China air service market cannot meet the needs of U.S. exporters. Without expanded capacity, new growth in the volume of trade between the U.S. and China and in export-related economic opportunities, due to recent trade liberalization, will not reach its full potential.

Washington is the most trade-dependent state in the nation, and has much to gain from expanded relationships between the U.S. and China. I appreciate your efforts to improve cargo service.



The Honorable Rodney Slater


May 19, 2000

Page 2

For the reasons outlined in this letter, I urge you to grant Northwest the two slots it is requesting for service between Seattle-Tacoma and Washington Reagan National, and to award the airline all frequencies it has requested to expand its heavy cargo lift capacity in the U.S.-China market.

Thank you for your consideration

Sincerely,

A handwritten signature in black ink, appearing to read "Gary Locke", written in a cursive style.

Gary Locke
Governor



City of Seattle

Paul Schell, Mayor

Office of the Mayor



May 17, 2000

The Honorable Rodney Slater
Department of Transportation
400 Seventh Street SW
Washington, DC 20590

Dear Secretary Slater:

The recent legislation authorizing new service to Washington Reagan National Airport is of great interest to the City of Seattle. As you know, current restrictions prohibit nonstop service between Seattle-Tacoma Airport and Reagan National.

I understand that Northwest Airlines would like to improve our air travel options by flying non-stop between these two airports. This service would improve access to the Washington, D.C. area for business, government and leisure travelers. I urge you to support Northwest Airlines' request for the slots they will need for this service, and I appreciate any efforts you undertake in this regard.

Very truly yours,

Paul Schell



Margaret Pageler

President, Seattle City Council

May 16, 2000

The Honorable Rodney Slater
Department of Transportation
400 Seventh Street SW
Washington DC 20590

Dear Secretary Slater:

Our interaction with the federal government requires that we fly frequently to Washington DC, so the recent legislation authorizing new service to Washington Reagan National Airport is of great interest to us.

Current restrictions that prohibit nonstop service between Seattle-Tacoma and Washington Reagan National necessitate that we fly into Dulles or Baltimore and take a taxi to our meetings in the city, which is **extremely** costly in terms of time as well as money.

Northwest Airlines proposes to improve our air travel options by flying nonstop between Seattle-Tacoma Airport and Washington Reagan National. This service is vital to our business and we urge you to provide Northwest the slots they will need for this service.

Sincerely,

Margaret Pageler
President, Seattle City Council

xc: Marsha Holbrook, Port of Seattle

STATE REPRESENTATIVE
27th DISTRICT
RUTH FISHER

State of
Washington
House of
Representatives



TRANSPORTATION
CO-CHAIRMAN
LOCAL GOVERNMENT
LEGISLATIVE TRANSPORTATION

May 17, 2000

The Honorable Rodney Slater
Secretary, U.S. Department of Transportation
400 Seventh Street SW
Washington DC 20590

Dear Secretary Slater:

Interaction with the federal government requires frequent flights to Washington D.C. from the Seattle-Tacoma area. Recent legislation authorizing new service to the Washington Reagan National Airport is of great interest to this state.

Current restrictions that prohibit non-stop service between Seattle-Tacoma and Washington D.C. Reagan National necessitate flying into Dulles or Baltimore and taking a taxi to meetings in the city, which is not only costly in terms of money but also time.

Northwest Airlines proposes to improve air travel options by flying non-stop between the Seattle-Tacoma Airport and Washington Reagan National. This service is vital to Washington State business and I urge you to provide Northwest with the necessary slots for this service.

Sincerely,

A handwritten signature in cursive script that reads "Ruth Fisher".

RUTH FISHER
Co-Chair, House Transportation Committee
State Representative, 27th Legislative District

May 15, 2000

The Honorable Rodney Slater
Department of Transportation
400 Seventh Street SW
Washington DC 20590

Our interaction with the federal government and other business requires that we fly frequently to Washington DC, so the recent legislation authorizing new service to Washington Reagan National Airport is of great interest to us.

Current restrictions that prohibit nonstop service between Seattle-Tacoma and Washington Reagan National necessitate that we fly into Dulles or Baltimore and take a taxi to our meetings in the city, which is extremely costly in terms of time as well as money.

Northwest Airlines proposes to improve our air travel options by flying nonstop between Seattle-Tacoma Airport and Washington Reagan National. This service is vital to our business and we urge you to provide Northwest the slots they will need for this service.

Sincerely,

Zoe-Ann Bartlett
Sr. Manager of Global Travel, Events and Relocation
Microsoft Corporation



Corporate Headquarters
PO Box 2999
Tacoma WA 98477-2999
Tel (253) 924 2345

May 19, 2000

The Honorable Rodney Slater
Department of Transportation
400 seventh Street S.W.
Washington D.C. 20590

Dear Sir:

Weyerhaeuser's interaction with our affiliates requires that we fly frequently to Washington DC, so the recent legislation authorizing new service to Washington Reagan National Airport is of great interest to us.

Current restrictions that prohibit nonstop ~~service~~ between Seattle-Tacoma and Washington Reagan National necessitate that we fly into Dulles or Baltimore and take a taxi to our meetings in the city, which is extremely costly on terms of time as well as money.

Northwest Airline proposes to improve our air travel options by flying nonstop between Seattle-Tacoma Airport and Washington Reagan National. This service is vital to our business and we urge you to provide Northwest the slots they will need for this service.

Sincerely,

Suzanne M. Loeb
Director of Travel Services

100th
Anniversary

SLADE GORTON
WASHINGTON

730 HART SENATE OFFICE BUILDING
(202) 224-3441
www.senate.gov/~gorton

United States Senate

WASHINGTON, DC 20510-4701

May 19, 2000

COMMITTEES:
- APPROPRIATIONS
BUDGET
COMMERCE, SCIENCE,
AND TRANSPORTATION
ENERGY AND NATURAL
RESOURCES
INDIAN AFFAIRS

The Honorable Rodney E. Slater
Secretary of Transportation
Department of Transportation
400 seventh Street, SW
Washington, DC 20590

Re: Docket OST-2000-7181-23

Dear Secretary Slater:

I am writing regarding the allocation of slots to air carriers **outside** the 1,250 mile perimeter at Reagan, **National Airport**.

As the sponsor **of the** amendment **in the** U.S. Senate that led to the **final** legislative compromise on **this** issue, I **feel** that I should share my intent with **the** Department, **as well** as lend **my** support to the application **from** Northwest airlines for one direct, round-trip flight **between** Washington Reagan National Airport **and** Seattle-Tacoma **International Airport**.

I support the application from **Northwest** because it is in keeping with the intent of the **Gorton** amendment My intent for **the** beyond the perimeter slots was to provide **travelers in the Western** United States with the network benefits of convenience and **lower fares** that competition from west coast carriers will bring to Reagan National. Allowing carriers to reach hubs located beyond the perimeter will provide one-stop competition into Reagan National Airport for a number of currently **under-served communities**, as well as introduce the price discipline that is so sorely needed.

Aside **from** these reasons, as the senior Senator **from** Washington state I have seen **first-hand** the **tremendous** growth the **Puget Sound area high-tech** economy has **brought** to the region. This has resulted in **greatly** increased travel, in some instances **instigated** by the federal government itself? to 'Washington D.C. by **representatives** of these businesses. I believe they deserve access to Reagan National.

Other **carriers that also fit** the **criteria** for **increasing service and introducing price discipline** are **America West and Delta**. Their hubs **in** Phoenix and Salt Lake City would provide additional **benefits** to the greatest number of western states.

Thank you for your attention to **this** matter.

Sincerely,



SLADE GORTON
United States Senator